



**CARTER COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-74
September 24, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Carter, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Carter County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office.
- The Public Administrator's salary was set at 85 percent of the salary provided by state law to correspond with the percentage of the maximum salaries paid to other officials. It is not clear whether the amount paid to the Public Administrator is in accordance with state law.
- The schedule of expenditures of federal awards did not accurately report expenditures of some federal programs. Total federal expenditures were overstated by approximately \$75,000 for the year ended December 31, 2003 and understated by approximately \$250,000 for the year ended December 31, 2002.
- Formal budgets were not prepared for various county funds for the years ended December 31, 2003 and 2002. Actual disbursements exceeded the budgeted amounts in various funds, including the Health Center Fund. The county's annual published financial statements did not include the financial activity of some funds as required. The County Commission and the Health Center amended various county budgets to reflect increased expenditures made during the year. The expenditures of some funds exceeded the original budget prior to amending the budgets and some amendments were made as late as December 31.

YELLOW SHEET

- The county did not require the Sheriff to submit detailed billing information for his cell phones, did not always enter into formal written agreements when required, and did not always require evidence of the receipt of goods or services on invoices prior to approving expenditures for payment.
- Several concerns were noted in the Sheriff's procedures. Accounting and bookkeeping duties are not adequately segregated, bank reconciliations are not prepared, receipts are not deposited on a timely basis, accounting for prisoner board costs is not adequate, and an inventory record of seized property is not maintained.
- Several concerns were noted in the County Collector's procedures. The annual settlements were not correct. Total collections did not always agree to the total distributions and some activity was incorrectly reported. Monthly listings of liabilities are not prepared and reconciled to cash balances. The reconciled bank balance was approximately \$82,000 as of February 29, 2004. Included in that amount is an unidentified balance of approximately \$13,000. Some mail receipts are deposited after the collector has prepared her monthly abstract and are not properly accounted for and distributed.

The County Collector accepts partial and pre-payments from taxpayers and holds these payments in escrow until the full payment is received and applied to the taxes due. The escrow account ledger was not complete. We tested receipts issued for partial and pre-payments and noted that 4 of 10 receipts were not accounted for on the County Collector's escrow account ledger. A properly maintained escrow account ledger is crucial in the process of identifying liabilities of the County Collector.

The County Collector incorrectly calculated the one-percent withholdings due to the Assessment Fund for the years ended February 28(29) 2004, 2002, and 2001. As a result, an additional \$2,462 remains due to the Assessment Fund and should be withheld from future collections. The County Collector is not properly withholding commissions from current tax collections. As a result, approximately \$16,700 was not withheld from tax collections of the various taxing authorities and turned over to the General Revenue Fund.

- The County Clerk and County Commission do not adequately review the annual settlements of the County Collector and controls over property tax book additions and abatements are not adequate.
- Budgets prepared by the Health Center Board of Trustees were not accurate and complete and financial records and procedures are in need of improvement.

The audit also suggested improvements in the procedures of the Associate/Probate Division, the Circuit Clerk, and the Senior Citizens' Service Board.

All reports are available on our website: www.auditor.mo.gov

CARTER COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<hr/> <u>FINANCIAL SECTION</u> <hr/>		
State Auditor's Reports:	2-6	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4	
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5-6	
Financial Statements:	7-18	
<u>Exhibit</u>	<u>Description</u>	
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2003	8
A-2	Year Ended December 31, 2002	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2003 and 2002	10-18
Notes to the Financial Statements	19-22	
Supplementary Schedule:	23-25	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2003 and 2002	24-25	
Notes to the Supplementary Schedule	26-28	
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>		
State Auditor's Report:	30-32	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	31-32	

CARTER COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>		
Schedule:.....	33-36	
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2003 and 2002	34-36	
Section I - Summary of Auditor's Results.....	34	
Section II - Financial Statement Findings.....	35	
Section III - Federal Award Findings and Questioned Costs.....	35	
<u>Number</u>	<u>Description</u>	
03-1.	Schedule of Expenditures of Federal Awards.....35	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	37-38	
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	39-40	
<hr/> <u>MANAGEMENT ADVISORY REPORT SECTION</u> <hr/>		
Management Advisory Report - State Auditor's Findings	42-61	
1.	County Officials' Salaries.....44	
2.	Budgetary Practices and Financial Statements.....45	
3.	County Expenditures.....47	
4.	Associate/Probate Division's Accounting Controls and Procedures.....49	
5.	Circuit Clerk's Accounting Controls and Procedures	50
6.	Sheriff's Accounting Controls and Procedures	52
7.	Property Tax Controls and Procedures	54
8.	County Collector's Accounting Controls and Procedures.....	55
9.	Senior Citizens' Service Tax Board	59
10.	Health Center's Accounting Controls and Procedures	59
Follow-Up on Prior Audit Findings.....	62-70	
<hr/> <u>STATISTICAL SECTION</u> <hr/>		
History, Organization, and Statistical Information	72-75	

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Carter County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Carter County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Carter County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 3, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Carter County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

June 3, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Jeannette Eaves, CPA
In-Charge Auditor: Daniel Vandersteen, CPA
Audit Staff: Kelly Petree
Sara Bull
Cara Wolfe



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Carter County, Missouri

We have audited the financial statements of various funds of Carter County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Carter County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Carter County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Carter County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

June 3, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

CARTER COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 169,424	748,431	683,735	234,120
Special Road and Bridge	348,501	772,709	878,974	242,236
Assessment	0	79,712	79,712	0
Law Enforcement Training	1,822	6,155	6,602	1,375
Sheriff's Fees	7,308	22,900	23,590	6,618
Multifloral Rose	4,270	157	931	3,496
Prosecuting Attorney Delinquent Tax	55	214	0	269
Prosecuting Attorney Bad Check	399	2,435	0	2,834
Domestic Violence	255	252	255	252
Recorder's User Fees	12,328	3,858	4,496	11,690
Prosecuting Attorney Training	394	935	1,050	279
Salary	233	9	242	0
Senior Citizens' Service Tax Board	2,330	10,752	10,600	2,482
South Van Buren Sewer District	10,857	0	0	10,857
Chemical Emergency	1,670	4,194	372	5,492
COPS Grant	7,618	59,849	67,467	0
Controlled Substance Enforcement Activity	0	10,004	10,004	0
South Van Buren O & M	25,857	23,370	28,337	20,890
Centralized Voter Registration Database	1,790	71	0	1,861
MO Smart	4,755	39,024	40,264	3,515
15% Forest Reserve	26,602	508	22,617	4,493
South Van Buren Extension & Replacement	2,270	1,588	0	3,858
South Van Buren Bond Reserve	15,307	606	0	15,913
Tax Maintenance	0	4,960	4,960	0
Circuit Clerk Interest	14,536	502	2,141	12,897
Health Center	218,643	803,341	875,697	146,287
Carter County Board for the Handicapped	16,310	29,191	30,076	15,425
Recorder's Technology	0	5,024	0	5,024
Recorder's Non-Standard Document	0	1,355	0	1,355
Associate Circuit Interest	591	137	0	728
Law Library	970	3,128	4,030	68
Total	\$ 895,095	2,635,371	2,776,152	754,314

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CARTER COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 163,456	634,881	628,913	169,424
Special Road and Bridge	92,068	908,279	651,846	348,501
Assessment	0	77,548	77,548	0
Law Enforcement Training	75	4,505	2,758	1,822
Sheriff's Fees	2,069	19,636	14,397	7,308
Multifloral Rose Fund	4,316	193	239	4,270
Prosecuting Attorney Delinquent Tax	55	0	0	55
Prosecuting Attorney Bad Check	512	1,785	1,898	399
Domestic Violence	327	255	327	255
Recorder's User Fees	12,787	4,644	5,103	12,328
Prosecuting Attorney Training	104	750	460	394
Salary	222	11	0	233
Senior Citizens' Service Tax Board	134	10,147	7,951	2,330
South Van Buren Sewer District	14,520	14,250	17,913	10,857
Chemical Emergency	4,400	1,691	4,421	1,670
COPS Grant	4,722	93,814	90,918	7,618
Controlled Substance Enforcement Activity	0	11,367	11,367	0
South Van Buren O & M	35,287	25,757	35,187	25,857
Centralized Voter Registration Database	1,594	196	0	1,790
MO Smart	0	45,561	40,806	4,755
15% Forest Reserve	0	47,781	21,179	26,602
Circuit Clerk Interest	15,084	225	773	14,536
Health Center	139,459	827,362	748,178	218,643
Sheriff's Equipment Grant	0	10,000	10,000	0
South Van Buren Extension & Replacement	0	2,270	0	2,270
South Van Buren Bond Reserve	0	15,307	0	15,307
Carter County Board for the Handicapped	20,918	27,528	32,136	16,310
Associate Circuit Interest	960	158	527	591
Law Library	1,431	2,729	3,190	970
Total	\$ 514,500	2,788,630	2,408,035	895,095

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CARTER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,670,718	2,625,727	(44,991)	2,722,940	2,758,166	35,226
DISBURSEMENTS	3,032,308	2,772,122	260,186	2,776,708	2,394,318	382,390
RECEIPTS OVER (UNDER) DISBURSEMENTS	(361,590)	(146,395)	215,195	(53,768)	363,848	417,616
CASH, JANUARY 1	899,344	893,534	(5,810)	514,092	512,109	(1,983)
CASH, DECEMBER 31	537,754	747,139	209,385	460,324	875,957	415,633
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	19,039	19,040	1	17,694	16,848	(846)
Sales taxes	342,941	342,942	1	348,000	349,021	1,021
Intergovernmental	220,985	211,168	(9,817)	154,786	148,449	(6,337)
Charges for services	102,476	104,317	1,841	90,054	97,044	6,990
Interest	5,000	9,055	4,055	7,000	9,277	2,277
Other	14,155	20,634	6,479	6,070	14,242	8,172
Transfers in	32,199	41,275	9,076	10,000	0	(10,000)
Total Receipts	736,795	748,431	11,636	633,604	634,881	1,277
DISBURSEMENTS						
County Commissioner	48,100	45,267	2,833	46,100	44,443	1,657
County Clerk	27,075	25,786	1,289	26,475	25,209	1,266
Elections	1,900	305	1,595	18,680	15,463	3,217
Buildings and grounds	40,460	22,252	18,208	30,010	28,190	1,820
Employee fringe benefit	39,600	36,299	3,301	35,400	30,009	5,391
County Treasurer	13,490	12,953	537	15,106	14,167	939
County Collector	40,262	37,286	2,976	30,318	30,263	55
Ex Officio Recorder of Deed	30,450	29,468	982	9,670	8,171	1,499
Circuit Clerk	6,950	4,691	2,259	9,800	3,416	6,384
Associate Circuit Court	10,600	9,886	714	9,750	9,771	(21)
Court administration	785	330	455	766	321	445
Public Administrator	18,364	17,808	556	18,254	17,633	621
Sheriff	188,392	188,121	271	188,201	184,776	3,425
Jail	69,788	69,856	(68)	30,853	30,853	0
Prosecuting Attorney	52,123	49,306	2,817	48,823	46,243	2,580
Juvenile Officer	27,532	26,500	1,032	26,476	25,700	776
County Coroner	11,025	9,303	1,722	7,643	6,865	778
General County Government	74,232	49,559	24,673	56,293	41,005	15,288
Court Reporter	317	199	118	337	181	156
Other Expense	10,000	8,126	1,874	13,200	12,072	1,128
Emergency Management	4,201	3,017	1,184	0	1,695	(1,695)
Transfers out	24,525	37,417	(12,892)	55,269	52,467	2,802
Emergency Fund	36,000	0	36,000	36,000	0	36,000
Total Disbursements	776,171	683,735	92,436	713,424	628,913	84,511
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,376)	64,696	104,072	(79,820)	5,968	85,788
CASH, JANUARY 1	169,424	169,424	0	163,456	163,456	0
CASH, DECEMBER 31	130,048	234,120	104,072	83,636	169,424	85,788

Exhibit B

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	78,950	82,299	3,349	79,428	78,179	(1,249)
Intergovernmental	644,650	673,062	28,412	779,244	816,840	37,596
Interest	4,000	14,380	10,380	7,198	10,865	3,667
Other	0	2,968	2,968	50	2,395	2,345
Total Receipts	727,600	772,709	45,109	865,920	908,279	42,359
DISBURSEMENTS						
Salaries	200,660	185,125	15,535	200,660	194,203	6,457
Employee fringe benefit	32,144	31,127	1,017	30,704	25,594	5,110
Supplies	72,000	69,419	2,581	58,000	50,831	7,169
Insurance	20,000	28,311	(8,311)	17,000	14,439	2,561
Road and bridge materials	314,000	262,165	51,835	305,560	207,985	97,575
Equipment repairs	15,000	17,583	(2,583)	10,000	9,620	380
Equipment purchases	261,168	270,734	(9,566)	129,771	127,702	2,069
Other	26,400	14,510	11,890	27,900	21,472	6,428
Transfers out	9,000	0	9,000	1,000	0	1,000
Total Disbursements	950,372	878,974	71,398	780,595	651,846	128,749
RECEIPTS OVER (UNDER) DISBURSEMENTS	(222,772)	(106,265)	116,507	85,325	256,433	171,108
CASH, JANUARY 1	348,501	348,501	0	92,068	92,068	0
CASH, DECEMBER 31	125,729	242,236	116,507	177,393	348,501	171,108
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	55,903	53,592	(2,311)	53,111	50,003	(3,108)
Interest	400	245	(155)	200	751	551
Other	800	1,440	640	856	800	(56)
Transfers in	22,750	24,435	1,685	22,891	25,994	3,103
Total Receipts	79,853	79,712	(141)	77,058	77,548	490
DISBURSEMENTS						
Assessor	79,853	79,712	141	77,058	77,548	(490)
Total Disbursements	79,853	79,712	141	77,058	77,548	(490)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	875	1,605	730	710	1,027	317
Charges for service:	3,239	3,746	507	2,796	3,076	280
Interest	15	58	43	68	26	(42)
Other	0	746	746	0	376	376
Total Receipts	4,129	6,155	2,026	3,574	4,505	931
DISBURSEMENTS						
Sheriff	5,951	6,602	(651)	3,649	2,758	891
Total Disbursements	5,951	6,602	(651)	3,649	2,758	891
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,822)	(447)	1,375	(75)	1,747	1,822
CASH, JANUARY 1	1,822	1,822	0	75	75	0
CASH, DECEMBER 31	0	1,375	1,375	0	1,822	1,822

Exhibit B

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S FEES FUND</u>						
RECEIPTS						
Charges for services:	20,500	22,400	1,900	13,044	19,329	6,285
Interest	100	171	71	122	257	135
Other	0	329	329	0	50	50
Total Receipts	20,600	22,900	2,300	13,166	19,636	6,470
DISBURSEMENTS						
Salaries	2,500	2,544	(44)	0	0	0
Car expense	5,000	602	4,398	500	3,022	(2,522)
Canine expense	950	63	887	1,100	342	758
Equipment	4,000	9,271	(5,271)	2,000	2,036	(36)
Supplies	3,050	780	2,270	1,890	372	1,518
Mileage	1,000	740	260	500	0	500
Dues	3,000	5,700	(2,700)	3,000	100	2,900
Jail renovation	3,000	0	3,000	6,244	5,098	1,146
Training and lodging	2,000	3,890	(1,890)	0	2,427	(2,427)
Transfers out	0	0	0	0	1,000	(1,000)
Total Disbursements	24,500	23,590	910	15,234	14,397	837
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,900)	(690)	3,210	(2,068)	5,239	7,307
CASH, JANUARY 1	7,308	7,308	0	2,069	2,069	0
CASH, DECEMBER 31	3,408	6,618	3,210	1	7,308	7,307
<u>MULTIFLORAL ROSE FUND</u>						
RECEIPTS						
Interest	100	157	57	150	193	43
Total Receipts	100	157	57	150	193	43
DISBURSEMENTS						
Refunds	4,370	931	3,439	4,466	239	4,227
Total Disbursements	4,370	931	3,439	4,466	239	4,227
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,270)	(774)	3,496	(4,316)	(46)	4,270
CASH, JANUARY 1	4,270	4,270	0	4,316	4,316	0
CASH, DECEMBER 31	0	3,496	3,496	0	4,270	4,270
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	93	209	116	1,100	0	(1,100)
Interest	0	5	5	100	0	(100)
Total Receipts	93	214	121	1,200	0	(1,200)
DISBURSEMENTS						
Mileage and training	148	0	148	1,200	0	1,200
Total Disbursements	148	0	148	1,200	0	1,200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55)	214	269	0	0	0
CASH, JANUARY 1	55	55	0	55	55	0
CASH, DECEMBER 31	0	269	269	55	55	0

Exhibit B

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Charges for service:	2,000	2,388	388	5,776	1,758	(4,018)
Interest	40	47	7	125	27	(98)
Total Receipts	2,040	2,435	395	5,901	1,785	(4,116)
DISBURSEMENTS						
Mileage and training	2,000	0	2,000	1,625	1,175	450
Salary and fringe benefit:	0	0	0	4,788	686	4,102
Other	0	0	0	0	37	(37)
Total Disbursements	2,000	0	2,000	6,413	1,898	4,515
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	2,435	2,395	(512)	(113)	399
CASH, JANUARY 1	399	399	0	512	512	0
CASH, DECEMBER 31	439	2,834	2,395	0	399	399
DOMESTIC VIOLENCE FUND						
RECEIPTS						
Charges for service:	170	248	78	300	250	(50)
Interest	2	4	2	7	5	(2)
Total Receipts	172	252	80	307	255	(52)
DISBURSEMENTS						
Domestic violence shelte	300	255	45	327	327	0
Total Disbursements	300	255	45	327	327	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(128)	(3)	125	(20)	(72)	(52)
CASH, JANUARY 1	255	255	0	327	327	0
CASH, DECEMBER 31	127	252	125	307	255	(52)
RECORDER'S USER FEES FUND						
RECEIPTS						
Charges for service:	3,000	3,358	358	4,500	3,591	(909)
Interest	400	500	100	700	1,053	353
Total Receipts	3,400	3,858	458	5,200	4,644	(556)
DISBURSEMENTS						
Salaries	6,370	4,496	1,874	6,069	5,103	966
Equipment	3,500	0	3,500	0	0	0
Total Disbursements	9,870	4,496	5,374	6,069	5,103	966
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,470)	(638)	5,832	(869)	(459)	410
CASH, JANUARY 1	12,328	12,328	0	12,787	12,787	0
CASH, DECEMBER 31	5,858	11,690	5,832	11,918	12,328	410
PROSECUTING ATTORNEY TRAINING FUND						
RECEIPTS						
Charges for service:	750	920	170	800	738	(62)
Interest	15	15	0	100	12	(88)
Total Receipts	765	935	170	900	750	(150)
DISBURSEMENTS						
Training & mileage	1,159	1,050	109	1,004	460	544
Total Disbursements	1,159	1,050	109	1,004	460	544
RECEIPTS OVER (UNDER) DISBURSEMENTS	(394)	(115)	279	(104)	290	394
CASH, JANUARY 1	394	394	0	104	104	0
CASH, DECEMBER 31	0	279	279	0	394	394

Exhibit B

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SALARY FUND</u>						
RECEIPTS						
Interest	10	9	(1)	10	11	1
Total Receipts	10	9	(1)	10	11	1
DISBURSEMENTS						
Transfers out	233	242	(9)	232	0	232
Total Disbursements	233	242	(9)	232	0	232
RECEIPTS OVER (UNDER) DISBURSEMENTS	(223)	(233)	(10)	(222)	11	233
CASH, JANUARY 1	233	233	0	222	222	0
CASH, DECEMBER 31	10	0	(10)	0	233	233
<u>SENIOR CITIZENS' SERVICE TAX BOARD FUND</u>						
RECEIPTS						
Property taxes	8,755	10,387	1,632	10,385	9,928	(457)
Intergovernmental	75	125	50	150	60	(90)
Interest	0	240	240	155	159	4
Total Receipts	8,830	10,752	1,922	10,690	10,147	(543)
DISBURSEMENTS						
Contract services	10,600	10,600	0	10,600	7,951	2,649
Total Disbursements	10,600	10,600	0	10,600	7,951	2,649
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,770)	152	1,922	90	2,196	2,106
CASH, JANUARY 1	2,265	2,330	65	134	134	0
CASH, DECEMBER 31	495	2,482	1,987	224	2,330	2,106
<u>SOUTH VAN BUREN SEWER DISTRICT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	86,700	14,250	(72,450)
Interest	0	0	0	0	0	0
Total Receipts	0	0	0	86,700	14,250	(72,450)
DISBURSEMENTS						
Sewer constructor	10,857	0	10,857	86,700	14,250	72,450
Other	0	0	0	16,660	3,663	12,997
Total Disbursements	10,857	0	10,857	103,360	17,913	85,447
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,857)	0	10,857	(16,660)	(3,663)	12,997
CASH, JANUARY 1	10,857	10,857	0	16,660	14,520	(2,140)
CASH, DECEMBER 31	0	10,857	10,857	0	10,857	10,857
<u>CHEMICAL EMERGENCY FUND</u>						
RECEIPTS						
Intergovernmental	1,500	4,090	2,590	3,500	1,580	(1,920)
Interest	75	104	29	180	111	(69)
Total Receipts	1,575	4,194	2,619	3,680	1,691	(1,989)
DISBURSEMENTS						
Other	3,245	372	2,873	8,080	4,421	3,659
Total Disbursements	3,245	372	2,873	8,080	4,421	3,659
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,670)	3,822	5,492	(4,400)	(2,730)	1,670
CASH, JANUARY 1	1,670	1,670	0	4,400	4,400	0
CASH, DECEMBER 31	0	5,492	5,492	0	1,670	1,670

Exhibit B

CARTER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COPS GRANT FUND</u>						
RECEIPTS						
Intergovernmental	124,304	58,921	(65,383)	88,722	92,931	4,209
Interest	340	928	588	348	883	535
Total Receipts	124,644	59,849	(64,795)	89,070	93,814	4,744
DISBURSEMENTS						
Salaries	77,187	28,386	48,801	76,652	84,220	(7,568)
Employee fringe benefit	12,257	3,008	9,249	12,518	6,698	5,820
Transfers out	9,613	36,073	(26,460)	4,571	0	4,571
Total Disbursements	99,057	67,467	31,590	93,741	90,918	2,823
RECEIPTS OVER (UNDER) DISBURSEMENTS	25,587	(7,618)	(33,205)	(4,671)	2,896	7,567
CASH, JANUARY 1	7,618	7,618	0	4,722	4,722	0
CASH, DECEMBER 31	33,205	0	(33,205)	51	7,618	7,567
<u>CONTROLLED SUBSTANCE ENFORCEMENT ACTIVITY FUND</u>						
RECEIPTS						
Transfers in	20,000	10,004	(9,996)	20,000	11,367	(8,633)
Total Receipts	20,000	10,004	(9,996)	20,000	11,367	(8,633)
DISBURSEMENTS						
Salaries	10,865	6,936	3,929	10,860	7,299	3,561
Equipment	6,935	3,068	3,867	9,140	2,381	6,759
Other	2,200	0	2,200	0	1,687	(1,687)
Total Disbursements	20,000	10,004	9,996	20,000	11,367	8,633
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>SOUTH VAN BUREN O & M FUND</u>						
RECEIPTS						
Intergovernmental	22,524	22,524	0	24,000	24,646	646
Interest	500	846	346	200	1,111	911
Total Receipts	23,024	23,370	346	24,200	25,757	1,557
DISBURSEMENTS						
Insurance	4,500	4,011	489	0	3,941	(3,941)
Permit Fees	300	6,120	(5,820)	0	300	(300)
Bond payment and interes	14,928	14,928	0	15,846	13,113	2,733
Other	6,275	3,278	2,997	4,750	2,212	2,538
Transfers Out	0	0	0	0	15,621	(15,621)
Total Disbursements	26,003	28,337	(2,334)	20,596	35,187	(14,591)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,979)	(4,967)	(1,988)	3,604	(9,430)	(13,034)
CASH, JANUARY 1	25,857	25,857	0	35,287	35,287	0
CASH, DECEMBER 31	22,878	20,890	(1,988)	38,891	25,857	(13,034)
<u>CENTRALIZED VOTER REGISTRATION DATABASE FUND</u>						
RECEIPTS						
Intergovernmental	150	0	(150)	1,500	121	(1,379)
Interest	50	71	21	50	75	25
Total Receipts	200	71	(129)	1,550	196	(1,354)
DISBURSEMENTS						
Election expense	1,990	0	1,990	3,144	0	3,144
Total Disbursements	1,990	0	1,990	3,144	0	3,144
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,790)	71	1,861	(1,594)	196	1,790
CASH, JANUARY 1	1,790	1,790	0	1,594	1,594	0
CASH, DECEMBER 31	0	1,861	1,861	0	1,790	1,790

Exhibit B

CARTER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
MO SMART FUND						
RECEIPTS						
Intergovernmental	49,826	38,756	(11,070)	33,292	30,358	(2,934)
Interest	45	268	223	100	97	(3)
Transfer in	0	0	0	11,269	15,106	3,837
Total Receipts	49,871	39,024	(10,847)	44,661	45,561	900
DISBURSEMENTS						
Salaries	28,870	26,113	2,757	33,461	25,487	7,974
Vehicle expense	20,346	13,014	7,332	10,950	13,341	(2,391)
Drug testing	458	0	458	250	0	250
Equipment	152	1,137	(985)	0	1,978	(1,978)
Total Disbursements	49,826	40,264	9,562	44,661	40,806	3,855
RECEIPTS OVER (UNDER) DISBURSEMENTS	45	(1,240)	(1,285)	0	4,755	4,755
CASH, JANUARY 1	4,755	4,755	0	0	0	0
CASH, DECEMBER 31	4,800	3,515	(1,285)	0	4,755	4,755
15% FOREST RESERVE FUND						
RECEIPTS						
Intergovernmental	0	0	0	22,914	47,022	24,108
Interest	0	508	508	0	759	759
Total Receipts	0	508	508	22,914	47,781	24,867
DISBURSEMENTS						
Search & rescue	26,602	22,617	3,985	22,914	21,179	1,735
Total Disbursements	26,602	22,617	3,985	22,914	21,179	1,735
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,602)	(22,109)	4,493	0	26,602	26,602
CASH, JANUARY 1	26,602	26,602	0	0	0	0
CASH, DECEMBER 31	0	4,493	4,493	0	26,602	26,602
SOUTH VAN BUREN EXTENSION & REPLACEMENT FUND						
RECEIPTS						
Intergovernmental	1,476	1,476	0			
Interest	20	112	92			
Total Receipts	1,496	1,588	92			
DISBURSEMENTS						
Other	3,766	0	3,766			
Total Disbursements	3,766	0	3,766			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,270)	1,588	3,858			
CASH, JANUARY 1	2,270	2,270	0			
CASH, DECEMBER 31	0	3,858	3,858			
SOUTH VAN BUREN BOND RESERVE FUND						
RECEIPTS						
Interest	200	606	406			
Total Receipts	200	606	406			
DISBURSEMENTS						
Other	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	606	406			
CASH, JANUARY 1	15,307	15,307	0			
CASH, DECEMBER 31	15,507	15,913	406			

Exhibit B

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services:	4,200	4,860	660			
Interest	0	100	100			
Total Receipts	<u>4,200</u>	<u>4,960</u>	<u>760</u>			
DISBURSEMENTS						
Transfers out	4,200	4,960	(760)			
Total Disbursements	<u>4,200</u>	<u>4,960</u>	<u>(760)</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	<u>0</u>	<u>0</u>	<u>0</u>			
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	500	502	2	2,500	225	(2,275)
Total Receipts	<u>500</u>	<u>502</u>	<u>2</u>	<u>2,500</u>	<u>225</u>	<u>(2,275)</u>
DISBURSEMENTS						
Equipment	1,000	2,141	(1,141)	1,200	773	427
Total Disbursements	<u>1,000</u>	<u>2,141</u>	<u>(1,141)</u>	<u>1,200</u>	<u>773</u>	<u>427</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(1,639)	(1,139)	1,300	(548)	(1,848)
CASH, JANUARY 1	16,726	14,536	(2,190)	17,181	15,084	(2,097)
CASH, DECEMBER 31	<u>16,226</u>	<u>12,897</u>	<u>(3,329)</u>	<u>18,481</u>	<u>14,536</u>	<u>(3,945)</u>
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	85,000	87,794	2,794	88,000	83,511	(4,489)
Intergovernmental	232,571	201,206	(31,365)	211,065	198,301	(12,764)
Charges for services:	505,300	503,057	(2,243)	474,220	531,087	56,867
Interest	6,400	4,614	(1,786)	5,600	6,208	608
Other	3,700	6,670	2,970	2,700	8,255	5,555
Total Receipts	<u>832,971</u>	<u>803,341</u>	<u>(29,630)</u>	<u>781,585</u>	<u>827,362</u>	<u>45,777</u>
DISBURSEMENTS						
Salaries	537,269	527,599	9,670	519,936	475,111	44,825
Office Expenditures:	40,416	42,035	(1,619)	43,500	37,392	6,108
Equipment & building	43,704	43,673	31	28,954	41,453	(12,499)
Mileage & training	64,549	63,145	1,404	59,400	58,731	669
Other professional service:	110,371	104,694	5,677	50,600	51,517	(917)
Medical supplies:	90,970	82,292	8,678	99,601	78,695	20,906
Other expenses:	2,926	12,259	(9,333)	4,650	5,279	(629)
Total Disbursements	<u>890,205</u>	<u>875,697</u>	<u>14,508</u>	<u>806,641</u>	<u>748,178</u>	<u>58,463</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(57,234)	(72,356)	(15,122)	(25,056)	79,184	104,240
CASH, JANUARY 1	222,292	218,643	(3,649)	137,205	139,459	2,254
CASH, DECEMBER 31	<u>165,058</u>	<u>146,287</u>	<u>(18,771)</u>	<u>112,149</u>	<u>218,643</u>	<u>106,494</u>

Exhibit B

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
CARTER COUNTY BOARD FOR THE HANDICAPPED FUND						
RECEIPTS						
Property taxes	27,500	29,075	1,575	28,000	27,366	(634)
Interest	150	116	(34)	400	162	(238)
Total Receipts	<u>27,650</u>	<u>29,191</u>	<u>1,541</u>	<u>28,400</u>	<u>27,528</u>	<u>(872)</u>
DISBURSEMENTS						
Contract services	29,880	29,960	(80)	32,000	32,000	0
Office expenditures	100	100	0	100	100	0
Other	50	16	34	0	36	(36)
Total Disbursements	<u>30,030</u>	<u>30,076</u>	<u>(46)</u>	<u>32,100</u>	<u>32,136</u>	<u>(36)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,380)	(885)	1,495	(3,700)	(4,608)	(908)
CASH, JANUARY 1	16,346	16,310	(36)	20,918	20,918	0
CASH, DECEMBER 31	<u>13,966</u>	<u>15,425</u>	<u>1,459</u>	<u>17,218</u>	<u>16,310</u>	<u>(908)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CARTER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Carter County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Carter County Board for the Handicapped, or the Senior Citizens' Service Tax Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002
Recorder's Technology Fund	2003
Recorder's Non-Standard Document Fund	2003
South Van Buren Extension and Replacement Fund	2002
South Van Buren Bond Reserve Fund	2002

Sheriff's Equipment Grant Fund 2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
South Van Buren O & M Fund	2003 and 2002
Carter County Board for the Handicapped Fund	2003 and 2002
Law Enforcement Training Fund	2003
Salary Fund	2003
Tax Maintenance Fund	2003
Circuit Clerk Interest Fund	2003
Assessment Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002
Carter County Board for the Handicapped Fund	2003 and 2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the health center's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the county's or the health center's custodial bank in the county's or health center's name.

The Carter County Board for the Handicapped's and the Senior Citizens' Service Tax Board's deposits at December 31, 2003 and 2002 were entirely covered by federal depository insurance.

3. Prior Period Adjustment

The South Van Buren Sewer District Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$2,140 to agree to the cash balance of the County Treasurer.

The Circuit Clerk Interest Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$2,098 to agree to the cash balance of the Circuit Clerk.

The Health Center Fund's cash balance at January 1, 2002, as previously stated has been increased by \$2,517 to agree to the cash balance of the Health Center Treasurer.

Supplementary Schedule

Schedule

CARTER COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3117W	\$ 30,132	49,964
10.559	Summer Food Service Program for Children	ERS146-41171	130	0
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	41,695	349,540
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State Program	98-PF-07	0	13,750
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grant	N/A		91,283
Passed through				
Missouri Sheriff's Meth-Amphetamine Relief Team				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2002-02	40,264	
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	N/A	0	9,000
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	2,209	0

Schedule

CARTER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants	035-99035-00		422,711
83.552	Emergency Management Performance Grants *	N/A	300	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grant:	PGA064-3117A	8,047	19,264
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH030510025	15,695	3,631
Department of Social Services -				
93.563	Child Support Enforcement	N/A	5	65
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-3117S	400	400
Department of Social Services -				
93.667	Social Services Block Grant	N/A	4,800	0
Department of Health and Senior Services				
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-30062	0	7,327
93.991	Preventive Health and Health Services Block Grant	DH030026001	24,441	16,994
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2117M	12,683	18,268
Total Expenditures of Federal Awards:			\$ <u>180,801</u>	<u>1,002,197</u>

* The CFDA number for this program changed to 97.036 in October 2003

** The CFDA number for this program changed to 97.042 in October 2002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

CARTER COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Carter County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Carter County, Missouri

Compliance

We have audited the compliance of Carter County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Carter County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

Internal Control Over Compliance

The management of Carter County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 03-1, to be a material weakness.

This report is intended for the information and use of the management of Carter County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 3, 2004 (fieldwork completion date)

Schedule

CARTER COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness identified? x yes no

Reportable condition identified that is not considered to be a material weakness? yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
83.544	Public Assistance Grants

SEFA contained several errors and omissions which resulted in expenditures being overstated by approximately \$75,000 for the year ended December 31, 2003 and understated by approximately \$250,000 for the year ended December 31, 2002. For example, during 2002, the county failed to include \$189,000 of CFDA #10.665 Schools and Roads-Grants to States expenditures and \$91,000 of #16.710 Public Safety Partnership and Community Policing Grants expenditures. In addition, other required information such as federal CFDA numbers and pass-through entity identifying numbers was not always reported.

Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk provided the following response:

I will try to do this to the best of my ability.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CARTER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CARTER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CARTER COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Carter County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 3, 2004. We also have audited the compliance of Carter County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 3, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Carter County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Officials' Salaries

We noted concerns regarding the Associate Commissioners' and Public Administrator's salaries.

- A. The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999.

Section 50.333.13 RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Carter County's Associate County Commissioners' salaries were each increased approximately \$8,600 yearly, according to the salary commission minutes.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$17,200 for the two years ended December 31, 2000, should be repaid. The Associate County Commissioners have made no repayments and the county has taken no action to seek repayment.

- B. The Public Administrator, who started a new term in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The County Commission set the Public Administrator's salary at 85 percent of this amount to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices. It is not clear whether the amount paid to the Public Administrator is in accordance with state law.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *Due to the conflict that exists between two separate statutes and due to the fact that no state agency will provide a definitive answer, the Carter County Commission believes that the issue should remain as is until such time the legislature passes a statute to resolve the question. The Salary Commission approved the raises effective 1997 and the raises were not taken until 1999.*
- B. *Based on the recommendation of the Prosecuting Attorney (January 2001) and the Salary Commission, the Public Administrator's salary will increase to \$20,000 effective January 2005. In 2003, the Salary Commission voted that county officials' salaries be set at 100 percent of the statutory amount.*

2. Budgetary Practices and Financial Statements
--

The County Clerk and County Commission are responsible for preparing and approving a budget and publishing an annual financial statement. Actual disbursements exceeded the budgeted amounts in various funds. The county's budgets and published financial statements for the years ended December 31, 2003 and 2002, excluded some funds.

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2003 and 2002. The County Commission indicated they overlooked these funds when preparing the budgets. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission can evaluate all county financial resources more effectively.
- B. Expenditures exceeded the budgeted amounts in the following funds:

Fund	Expenditure Amount in Excess of Budget Year Ended December 31,	
	2003	2002
Assessment	N/A	490
Law Enforcement Training	651	N/A
Salary	9	N/A
South Van Buren O & M	2,334	14,591
Tax Maintenance	760	N/A
Circuit Clerk Interest	1,141	N/A
Carter County Board for the Handicapped	46	36

Adequate procedures have not been established to monitor budget to actual amounts, which allowed some funds to overspend their budgets. According to the County Commission, monthly budget to actual reports are provided to them. However, it appears the County Commission is not using these reports as an effective monitoring tool. There was no evidence the Carter County Board for the Handicapped conducted monitoring of their budget and actual expenditures during their quarterly board meetings. While the Circuit Clerk indicated she does monitor the budget and actual expenditures of the Circuit Clerk Interest Fund, expenditures did exceed the budget amount for the year ended December 31, 2003.

It was ruled in *State ex. Rel. Strong v. Cribb*, 364 Mo. 1122, 273 S. W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- C. The county's annual published financial statements did not include the financial activity of some funds as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

WE RECOMMEND the County Commission:

- A. Ensure budgets are obtained or prepared for all county funds.

- B. And the Carter County Board for the Handicapped, and the Circuit Clerk refrain from incurring expenditures in excess of budget amounts. If the county receives additional funds which could not be anticipated when the budget was adopted, the County Commission, the Carter County Board for the Handicapped, and the Circuit Clerk should amend their budgets by following procedures required by state law.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A. *With the exception of the Associate Interest Fund and the Law Library Fund, these were new funds established after the budget was prepared. These funds were budgeted the following year.*
- B. *We try to amend budgets as necessary and we believe the budgets were amended adequately.*
- C. *We do not receive financial information for these funds.*

The Treasurer of the Carter County Board for the Handicapped provided the following response:

- B. *In the future, we will monitor the budget more closely and make adjustments when necessary.*

The Circuit Clerk provided the following response:

- B. *I will monitor the budget more closely in the future.*

3.	County Expenditures
-----------	----------------------------

The county did not require the Sheriff to submit detailed billing information for his cell phones, did not always enter into formal written agreements when required, and did not always require evidence of the receipt of goods or services on invoices prior to approving expenditures for payment.

- A. The county did not require the Sheriff to submit detailed billing information for his cell phones. Only the total amount to be paid is submitted for the County Commission's review and approval. The Sheriff maintains there exists concerns over confidentiality if he submits the entire, detailed cell phone billing for payment. As a result, the County Commission is reviewing and approving cell phone bills without observing detailed bills. By not obtaining and reviewing adequate cell phone bill detail, unauthorized cell phone usage could occur and remain undetected. The

Sheriff's cell phone costs amounted to \$2,785 and \$3,531 in 2003 and 2002, respectively.

- B. The county did not always enter into formal written agreements when required.
1. The county did not have contracts with all counties and cities boarding Carter County prisoners.
 2. The Prosecuting Attorney maintains an office outside of the courthouse and bills the county \$400 per month for office expenses. The county has not entered into a contract with the Prosecuting Attorney.
 3. The county distributed monies from the 15% Forest Reserve Fund to fire districts for search and rescue purposes without the support of contracts.
 4. The county paid \$2,000 to the South Central Drug Task Force without the support of a contract.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it be in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed.

- C. The receipt of goods or services is not always indicated on invoices prior to an expenditure being approved for payment. Approximately 9 of 40 (approximately 22 percent) invoices tested did not indicate if goods or services were received. Some examples are gasoline and diesel deliveries to road sheds, rock, and road oil. The documentation of the receipt of goods or services is necessary to ensure the county actually received the items or services.

WE RECOMMEND the County Commission:

- A. Require adequate supporting documentation prior to approving expenditures for payment.
- B. Ensure that contracts are obtained and entered into for services received.
- C. Ensure the receipt of goods or services is indicated on invoices prior to them being approved for payment.

AUDITEE'S REPSONSE

The County Commission and County Clerk provided the following responses:

- A. We will request that the Sheriff provide detailed billings for his cell phones, but we may not get this information.*
- B. We will attempt to enter into contracts with these entities.*
- C. We will be more vigilant in checking invoices for receipt of goods.*

4. Associate/Probate Division's Accounting Controls and Procedures

Listings of open items are not prepared on a timely basis for the old account and some checks have been outstanding for over a year. The Associate/Probate Division processed receipts of approximately \$287,000 and \$243,000 in 2003 and 2002, respectively.

- A. Listings of open items (liabilities) are not prepared on a timely basis for the old account which was used until April 2000, when the division began using a new computer system and opened a new account. According to the division clerk, the open items listing for the old account is prepared as time allows; however, this does not occur monthly. An open items listing was prepared as of December 31, 2003 and totaled \$1,935, or approximately \$7,000 less than the reconciled book balance.

The open items listing included numerous old cases awaiting full collection of fees due. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

- B. At December 31, 2003, nineteen checks totaling over \$128 had been outstanding for more than one year. These old outstanding checks create additional and unnecessary record-keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, procedures should be established to periodically investigate checks outstanding for a considerable time.

These conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Associate/Probate Division:

- A. Prepare a complete listing of open items for the old account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Associate Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.
- B. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

AUDITEE'S RESPONSE

The Associate/Probate Division Judge provided the following response:

We should be able to completely disburse unclaimed funds being held in the old bank account as well as disburse unclaimed funds in the new account in two years by working on this as time allows.

The Court Automation Project mandated by the state has increased the amount of time required to process cases, but has not funded additional clerical work hours. Without adequate allocation of funding by the state, maintenance of old and current cases will continue to be problematic. I estimate that computer automation has decreased clerical efficiency from 20 to 30 percent in that clerks spend an inordinate amount of time entering court docket entries and other data into the computer system, a task that was not previously required. In various aspects of case management this has resulted in two sets of records, one manual and one computerized and represents a waste of valuable resources; Carter County government is financially unable to fund additional staff to cover the shortfall in clerical hours needed to handle these extra duties.

5. Circuit Clerk's Accounting Controls and Procedures
--

The Circuit Clerk processed receipts of approximately \$1.5 million and \$39,000 in 2003 and 2002, respectively. During 2003, the Circuit Clerk processed receipts in excess of \$1.4 million related to a Department of Transportation land condemnation case. Our review noted that listings of open items are not prepared on a timely basis for the old account and some checks have been outstanding for over a year.

- A. Listings of open items (liabilities) are not prepared on a timely basis for the old account which was used until April 2000, when the Circuit Clerk began using a new computer system and opened a new account. The last available open items listing was over two years old and totaled \$22,499, \$7,634 less than the reconciled book balance as of December 31, 2003. The listing should be brought up to date to facilitate final disposition of moneys remaining in the old account.

The open items listing included numerous old cases awaiting full collection of fees due. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

- B. At December 31, 2003, six checks totaling \$172 had been outstanding for more than one year. These old outstanding check create additional and unnecessary record-keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, procedures should be established to periodically investigate checks outstanding for a considerable time.

Condition A. was also noted in our prior report.

WE RECOMMEND the Circuit Clerk:

- A. Prepare a complete, updated listing of open items for the old account and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Circuit Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.
- B. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *I have updated the open items listing and the unidentified balance has been reduced to \$1,049. I have a list ready for the Circuit Judge to review and order disposition.*
- B. *I contacted the attorneys to determine if the checks should be replaced. I have stopped payment on these checks and have reissued the checks.*

6.**Sheriff's Accounting Controls and Procedures**

Accounting and bookkeeping duties are not adequately segregated, bank reconciliations are not prepared, receipts are not deposited on a timely basis, accounting for prisoner board costs is not adequate, and an inventory record of seized property is not maintained. The Sheriff processed receipts of approximately \$44,500 and \$76,000 in 2003 and 2002, respectively.

- A. Accounting and bookkeeping duties are not adequately segregated. The Sheriff's office manager performs all of the duties of receiving, recording, depositing, and disbursing monies. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregation cannot be achieved, at a minimum, periodic supervisory or independent reviews of the records should be performed and documented.
- B. Bank reconciliations were not prepared for the Sheriff's account. The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis.
- C. Receipts are not deposited on a timely basis. Deposits are made only two or three times per month. On July 7, 2003, \$1,831 was deposited which included \$210 received in cash during the period June 20, 2003 to July 2, 2003. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- D. The county incurred costs of approximately \$50,000 and \$26,000 to board county prisoners during the years ended December 31, 2003 and 2002, respectively.
 - 1. Carter County prisoners are housed in other nearby city and county jails. The Sheriff's jail log does not always indicate where these prisoners are housed. As a result, prisoner board bills received from other cities and counties cannot be reconciled to the jail log. On September 15, 2003, the county paid \$19,620 to Butler County for the board of prisoners. While the invoice from Butler County listed each prisoner and the number of days held in the jail, Carter County did not have an adequate jail log to ensure this information was accurate.

Without such a reconciliation, the billing cannot be verified and there is less assurance board bills paid by the county are complete and accurate.

- 2. The county purchased meals from a local restaurant and food from a grocery store for prisoners temporarily housed in the county's holding cell. Sheriff personnel did not always document on the restaurant invoices and the grocery

store tickets the names of the prisoners for which meals or food was purchased.

Since prisoner logs are maintained by prisoner name, all invoices for meals should include the date and the prisoner's name. The meal invoices should be reconciled to the jail log to ensure the invoices are accurate and complete.

- E. An inventory record of seized property is not maintained. When an item is received, a listing of seized property is prepared and filed in an individual case file. However, the item is not recorded on an inventory control record and a periodic inventory of the property on hand is not conducted.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the items. An inventory control record should be maintained and periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

Similar conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Sheriff:

- A. Segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.
- B. Prepare monthly bank reconciliations.
- C. Deposit all receipts intact daily or when accumulated receipts exceed \$100.
- D.1. Ensure jail logs indicate the housing location for each prisoner and reconcile prisoner board bills to jail logs.
 - 2. Ensure all invoices for meals include the date and the prisoner's name and reconcile meal invoices to the county jail log.
- E. Prepare and maintain a complete inventory record of seized property. In addition, periodic inventories of seized property should be performed.

AUDITEE'S RESPONSE

The County Sheriff provided the following responses:

- A. *The office deputy will review the bank reconciliation and other records monthly.*
- B. *This will be implemented by the office manager.*

- C. *Deposits are currently made every Thursday.*
- D.1. *Beginning the first of the year, we will establish a log to indicate where prisoners are housed.*
- 2. *We are currently indicating prisoner names on all meal invoices. We will check with the County Clerk and grocery store to ensure these invoices are sent to the county.*
- E. *We will destroy evidence no longer needed for active cases. By the first of the year, we will establish an inventory record of seized property.*

7.	Property Tax Controls and Procedures
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The County Clerk and County Commission do not adequately review the annual settlements of the County Collector and controls over property tax book additions and abatements are not adequate.

- A. The County Clerk does not adequately review the annual settlements of the County Collector. The County Clerk indicated her review consisted merely of determining the mathematical accuracy of the settlements. The County Clerk does prepare and maintain an account book with the County Collector; and thus, in addition to verifying mathematical accuracy of the annual settlements, the County Clerk should use her account book to further verify the accuracy and completeness of the County Collector's annual settlements. In addition, there was no evidence the County Commission examined and approved the County Collector's annual settlements. If a detailed review had been performed by the County Clerk and County Commission, discrepancies in the annual settlement as noted below in MAR No. 8 A. may have been identified prior to approval.
- B. Controls over property tax additions and abatements are not adequate. The Assessor issues orders for additions and abatements and sends a copy to the County Clerk and County Collector. The County Collector then makes changes in the property tax book records for the additions and abatements. The County Clerk conducts no independent review of the tax books to ensure these changes are proper.

Section 137.260, RSMo 2000 requires the tax books only be changed by the County Clerk under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the County Collector. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.

WE RECOMMEND:

- A. The County Clerk and County Commission document adequate verification of the County Collector's annual settlements.
- B. The County Clerk reconcile additions and abatements to the County Collector's annual settlements. In addition, the County Commission should review and approve all additions and abatements on a timely basis.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A. *The County Clerk will compare her numbers to the Collector's numbers and will notify the Collector of the differences by letter.*
- B. *The County Clerk receives additions and abatements from the Collector as changes are made. At the end of each month, the County Clerk and Collector compare addition and abatement numbers. At the end of each year, the Commission approves additions and abatements. The County Clerk will start comparing addition and abatement numbers to the Collector's annual settlement. In the future, the Commission will approve additions and abatements each month.*

8. County Collector's Accounting Controls and Procedures

Several problems were noted concerning the County Collector's controls and procedures including inadequate annual settlements and bank reconciliations, improper distributions, inaccurate escrow accounting, deposit concerns, an unidentified balance in the bank account, and incorrect withholdings for the Assessment Fund and commissions.

- A. The County Collector's annual settlements were not correct. Total collections did not always agree to the total distributions and some activity was incorrectly reported. Investment and penalty interest distributions were reported twice. These errors were not corrected, in part, because the County Clerk and County Commission do not adequately review the annual settlements as discussed in MAR No. 7.

Section 139.600.3, RSMo 2000, states that "...the collector shall ... settle his accounts of all monies received by him on account of taxes and other sources of revenue...." By not accurately reporting all sources of revenues and disbursements, the County Collector's annual settlement is incomplete and the County Commission cannot properly examine or approve it.

- B. Monthly listings of liabilities are not prepared and reconciled to cash balances. Errors occurred during the audit period and were not detected in a timely manner

because of the lack of such reconciliations. For example, real estate taxes totaling approximately \$1,300 were not abstracted or distributed to various political subdivisions and \$741 in utility taxes were not distributed to the State in December 2003.

The County Collector's reconciled bank balance was approximately \$82,000 as of February 29, 2004. Included in that amount is an unidentified balance of approximately \$13,000 which has accumulated in the account and is increasing as a result of the conditions discussed in parts C. through E. below. Adequate reconciliations between liabilities and cash balances are necessary to ensure the cash balance in the bank account is properly identified and monies are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of the excess monies. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.

- C. The County Collector prepares monthly abstracts and calculates monthly distribution totals prior to accounting for all receipts received in the mail. Some mail receipts are received subsequent to month end but are postmarked prior to month end, and therefore, may not be accounted for in the abstracting and distribution process. These mail receipts are deposited, but are not always abstracted and distributed. Section 139.210, RSMo 2000, requires all collections to be distributed to the political subdivisions by the fifteenth day of the following month.

In addition to being required by state law, timely and proper distributions of property tax collections to the political subdivisions are important because most political subdivisions rely heavily on property tax revenues to fund their operations. The County Collector should take more care to ensure she has achieved a proper month-end cutoff prior to preparing the monthly abstract and calculating monthly distribution totals.

- D. The County Collector accepts partial and pre-payments from taxpayers. Partial payments are held in escrow until the tax bill is fully paid, whereupon the County Collector marks the taxes as paid in the tax book. Pre-payments are held in escrow until taxes become due, whereupon the County Collector applies the funds held in escrow against the taxes due.

The County Collector's escrow account ledger was not complete. We tested ten receipts issued for partial and pre-payments and noted that 4 of the 10 (40 percent) were not accounted for on the County Collector's escrow account ledger. One of the unrecorded payments was a pre-payment. That amount currently remains in escrow despite the fact the taxpayer apparently forgot about his pre-payment and paid the amount again upon receiving his tax bill. Had the County Collector properly recorded the pre-payment in the escrow account ledger, she would have known the taxpayer was due a refund for his duplicate payment.

Recording all partial and pre-payments is necessary to ensure all funds held in escrow are properly accounted for. A properly maintained escrow account ledger is crucial in the process of identifying liabilities of the County Collector.

- E. The County Collector does not compare the composition of collections received to the composition of deposits made to the bank account. While the Collector does compare daily collections and deposits in total, she does not always document her follow-up on differences noted. While such differences have been small in nature, the Collector should retain documentation to support her follow-up of such differences. Further, a comparison of the composition of collections and deposits is necessary to ensure all monies collected are properly recorded and deposited.
- F. The County Collector incorrectly calculated the one-percent withholdings due to the Assessment Fund for the years ended February 28(29) 2004, 2002, and 2001. The Collector failed to include state paid utility taxes in her computations during those years. As a result, an additional \$2,462 remains due to the Assessment Fund and should be withheld from future collections.
- G. The County Collector is not properly withholding commissions from current tax collections. For November and December, 2002, the Collector incorrectly withheld only a one percent commission on all current taxes collected instead of withholding two and one-half percent on the first \$350,000 of taxes collected and one percent on the amount of collections in excess of \$350,000, as allowed by Section 52.260, RSMo 2000. Also during that period, the Collector failed to withhold a one-half percent commission on current taxes, exclusive of railroad and utility taxes, as compensation for mailing the statements, as allowed by Section 52.250, RSMo 2000. The Collector made similar errors in November 2003. She did not begin withholding the one-half percent mailing commission until December 2003. While commissions were withheld at the two and one-half percent rate in December 2003, that rate was only applied to approximately \$56,000 of collections.

As a result of the Collector's commission procedures, approximately \$16,700 was not withheld from tax collections of the various taxing authorities and turned over to the General Revenue Fund.

WE RECOMMEND the County Collector:

- A. File complete and accurate annual settlements.
- B. Reconcile monthly listings of liabilities to the reconciled bank balance and attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law. Finally, the Collector should abstract and disburse \$1,300 amongst the various taxing authorities and pay \$741 to the state.

- C. Establish proper month-end cutoffs prior to abstracting and disbursing tax collections.
- D. Ensure all partial and pre-payments are properly accounted for in the escrow account ledger.
- E. Compare the composition of collections received to deposits made to the bank account. In addition, the Collector should prepare and retain documentation of her investigations of any differences noted during her reviews of deposits.
- F. Withhold \$2,462 from the various taxing authorities and pay that amount to the Assessment Fund.
- G. Recalculate commissions for the audit period and withhold from or make adjustments to the various political subdivisions' future distributions to correct for errors noted. In the future, the County Collector should calculate and withhold commissions in accordance with state statutes.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *I will try to ensure the annual settlements are complete and accurate.*
- B. *Assets were reconciled to liabilities as of August 31, 2004 and an unidentified balance of \$9,800 existed in the account. Mail receipts of \$1,300 were abstracted and distributed and \$741 was paid to the state. In addition, I found another \$3,000 received in May had not been properly abstracted and distributed. This amount was distributed prior to August 31.*
- C. *When monies are received after I have made my distribution, I will prepare a supplemental settlement.*
- D. *I no longer accept partial and pre-payments. The partial and pre-payments in the escrow account will be netted against 2004 tax bills and any amounts remaining in escrow will be refunded to the appropriate individual or turned over to the state's Unclaimed Property Section.*
- E. *I am now reconciling the cash/check composition and I make notes of any differences.*
- F. *This adjustment will be made in December.*
- G. *I have recalculated November 2002 and 2003 and will recalculate December 2002 and 2003. These adjustments will be made in December 2004.*

9.

Senior Citizens' Service Tax Board

The Senior Citizens' Service Tax Board receives approximately \$10,000 in property taxes annually. During the two years ended December 31, 2003, most expenditures made by the board were contractual payments to three local service providers for services provided to the senior residents of Carter County.

Under the contracts, the board may request from the local service providers reports regarding the use of county tax dollars and copies of operating budgets. However, no such information was requested or obtained by the board for 2003 and 2002. During 2003 and 2002, the board provided the local service providers approximately \$10,600 and \$8,000, respectively.

The board should obtain and review the financial information as outlined in the contracts to ensure that the local service providers are providing services for the consideration paid.

WE RECOMMEND the Senior Citizens' Service Tax Board document the review of financial information as outlined in the contracts.

AUDITEE'S RESPONSE

The Chairman of the Senior Citizens' Service Tax Board provided the following response:

Within six months, we will meet with the three service providers and request financial information.

10.

Health Center's Accounting Controls and Procedures

Budgets prepared by the Health Center Board of Trustees were not accurate and complete, budgets were amended after year end, and financial records and procedures are in need of improvement.

A. Budgets prepared by the Health Center Board of Trustees were not accurate and complete. We noted the following concerns with budgets:

1. The Health Center Administrator compiles actual revenue and expenditure information for the budget from accounting records maintained by health center staff. There is no independent reconciliation between the actual amounts per the budget and the accounting records. As a result, errors in posting actual revenue and expenditure amounts to the budget were made and not detected. For example, 2003 interest income was understated by approximately \$1,300 as some interest earned on certificates of deposits was not recorded on the health center's books. Also, 2002 expenditures were overstated by approximately \$28,000 because of errors in accounting for

some employee fringe benefits, including the adding of one fringe benefit twice on the budget. Finally, 2002 revenues were understated by almost \$4,000 due to Home Health program receipts not being accounted for on the budget.

2. The budget did not include a cash reconciliation for 2002. The January 1, 2003 beginning cash balance was overstated by \$3,649 because the balance recorded was the cash balance as of the bank statement date, which was not December 31, 2002.

To be of maximum assistance to the Health Center Board of Trustees and to inform the public adequately, the budget documents should be complete and accurate. An independent reconciliation between actual amounts posted to the budget and the accounting records would aid in ensuring accuracy of the budgets.

- B. During January 2004 the Health Center Board amended the 2003 budget to reflect increased expenditures made during the year. Budget amendments, when applicable, should be made when such expenditures are anticipated and prior to their incurrence. While this amendment made it appear as if the Health Center complied with the law, the timing of these decisions did not allow for the budget to be used as an effective management tool. The audited financial statements have been adjusted for this amendment.

Section 50.622, RSMo 2000, allows budget amendments if additional sources of revenues are received which could not be estimated when the budget was adopted, and requires the Health Center to follow the same procedures required for adopting the original budget, including holding a public hearing.

To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

- C. Financial records and procedures are in need of improvement as follows:

1. Changes were made to financial records regarding the classification to receipts and disbursements for 2003 and 2002 after year end. As a result, the Health Center's financial records no longer agree to actual amounts recorded on the Health Center's budget. In addition, no documentation was retained to support these changes and personnel were unclear as to why the changes were made.
2. The Health Center did not have an investment ledger to monitor certificate of deposit investments. Only the interest earned is recorded for each investment. An investment ledger should include the certificate number,

interest rate, date of purchase and maturity, interest earned amounts, and the institution with whom the investment is made.

Complete, organized investment records are necessary to provide accurate and timely information upon which effective management decisions may be based. Furthermore, without such records, accountability over the Health Center's assets and related revenues is weakened.

To be of maximum assistance to the Health Center, financial records should be complete and accurate.

Conditions A. and C.1. were also noted in our prior report.

WE RECOMMEND the Health Center Board of Trustees:

- A.1. Ensure actual revenue and expenditure amounts are correctly recorded on budget documents by preparing a reconciliation of actual amounts per budget to the accounting records.
 - 2. Include a completed, accurate cash reconciliation with the annual budget.
- B. Ensure budget amendments are made prior to incurring actual expenditures.
- C.1. Ensure any changes made to financial records are fully understood and documented and that financial records are in agreement to actual amounts presented on the budget document.
 - 2. Establish and maintain an investment ledger.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A.1. *We will review our budgets and internal records for accuracy and agreement.*
 - 2. *We have requested that the bank print the statements as of the last day of the month. The December 31 balance will be used on the cash reconciliation.*
- B. *We will review the budgets monthly and make amendments as necessary.*
- C.1. *No adjustments will be made unless they affect the cash balance and any adjustments will be documented.*
 - 2. *This has been implemented.*

Follow-Up on Prior Audit Findings

CARTER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Carter County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing these recommendations.

1. County Bonds

The Assessor was not bonded during September 1997 to March 1, 2000 and county-paid employees who handle monies were not covered by any employee bond during the two years ended December 31, 1999.

Recommendation:

The County Commission obtain adequate bond coverage for all officials and other county employees with access to monies.

Status:

Implemented.

2. Personnel Policies and Procedures

A. The county did not have a comprehensive employee manual.

B. The Sheriff received a mileage allowance of \$750 per month and was not required to submit mileage reimbursement requests for this allowance. The mileage allowance was not included on the Sheriff's W-2 form at year end. In addition, the Sheriff and deputies were not required to submit invoices or an itemized expense report to support uniform allowances received, nor were uniform allowances reported on W-2 forms.

C. The County issued 1099's to deputies for transporting prisoners in their personal vehicles even though the related mileage costs were accounted for to the County Commission.

Recommendation:

The County Commission:

- A. Establish written policies and procedures to ensure operations are conducted in compliance with applicable legal provisions and to assist employees in properly performing their assigned duties.
- B. Ensure that mileage and uniform allowances are included on employee W-2 forms in compliance with IRS reporting requirements.
- C. Ensure that amounts reported on 1099 forms do not include amounts for mileage reimbursement which have already been properly accounted for.

Status:

- A. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented. The county currently provides vehicles for the Sheriff's department and consequently, makes no mileage payments to personnel. In addition, the county currently pays uniform costs directly to the vendor and pays no uniform allowances.
- C. Implemented. The Sheriff's deputies currently use county owned vehicles and thus, receive no mileage reimbursements.

3. County Collector's Accounting Controls and Procedures

- A. As of May 25, 2000, the former County Collector had not filed an annual settlement for the year ended February 28, 1999. In addition, the former County Collector did not disburse collections in a timely manner. It was also noted that the current County Collector had not filed the annual settlement for the year ended February 29, 2000, as of May 25, 2000.
- B. As a result of calculation errors for the year ended February 29, 2000, the General Revenue Fund had not received approximately \$9,600 in commissions that were distributed to political subdivisions.
- C. The County Collector was not making every reasonable effort to ensure that property owners received their tax bills.

Recommendations:

The County Collector:

- A. Ensure annual settlements are filed as required by state law and ensure funds collected are distributed in a timely manner.
- B. Recalculate commissions for the year ended February 29, 2000, and withhold from the various political subdivisions' future distributions to correct for the error in commission calculation.
- C. Make every reasonable effort, including the use of internet resources to identify current landowner addresses, to ensure that property owners actually receive their tax bills.

Status:

- A. Partially implemented. Funds collected are now distributed in a timely manner. However the annual settlement for the year ended February 29, 2004 had not been filed as of June 3, 2004 due to problems with the computer program. Although this condition is not repeated in the current MAR, we noted other conditions regarding the annual settlements. See MAR No. 8.
- B. Partially implemented. Although December 2000 distributions were adjusted for these errors, similar errors were made during the current audit period. See MAR No. 8.
- C. Implemented.

4. Circuit Clerk's Accounting Controls and Procedures

- A. The Circuit Clerk's bank accounts were not adequately covered by collateral securities from December 1998 through March 1999.
- B. Monthly listings of open items (liabilities) were not prepared on a timely basis nor were they reconciled to the cash balance.

Recommendations:

The Circuit Clerk:

- A. Monitor the bank account balances and ensure the depository bank pledges adequate securities at all times in accordance with state law.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be

investigated and resolved. In addition, along with the Circuit Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 5.

5. Associate/Probate Division's Accounting Controls and Procedures

- A. A listing of accrued costs owed to the court was not maintained by the Associate Clerk.
- B. Monthly listings of open items (liabilities) were not prepared on a timely basis. The last open items listing was prepared as of December 31, 1997 and included numerous old cases awaiting full collection of fees due.
- C. Checks totaling over \$671 had been outstanding longer than one year.
- D. Monies received were not deposited on a timely basis.
- E. A \$641 expenditure was made from the Associate Circuit Interest Fund for which adequate supporting documentation was not retained.

Recommendations:

The Associate/Probate Division:

- A. Maintain a listing of accrued costs to help pursue timely collection.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Associate Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.
- C. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- D. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- E. Maintain adequate supporting documentation on expenditures from the Associate Circuit Interest Fund.

Status:

A. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

B&C. Not Implemented. See MAR No. 4.

D&E. Implemented.

6. Sheriff's Accounting Controls and Procedures

A.1. Bond and gun permit receipts totaling \$300 could not be traced to deposits.

2. Receipt slips were not issued for some monies received, the method of payment was not always marked on receipt slips, and there was no accounting of the numerical sequence of receipt slips issued.

3. Receipts were not deposited intact on a timely basis and individual cash receipts comprising the deposit were not always indicated on the deposit slip.

4. Bank reconciliations were not prepared for the Sheriff's account.

5. The Sheriff did not file a formal monthly report of fees with the County Commission.

6. A complete listing of accrued costs owed to the Sheriff's office was not maintained and monitoring procedures related to accrued costs were not adequate.

B. The duties of cash custody and record-keeping were not adequately segregated and there were no documented supervisory reviews of the accounting records.

C.1. There were no written agreements for the housing of Carter County prisoners by other counties or cities.

2. The jail log did not always indicate where prisoners were housed and prisoner board bills were not reconciled to the jail log.

3. Prisoner names were not always indicated on the meal tickets to enable reconciliation of the jail log to meal invoices received from the local restaurant.

D. An inventory listing of seized property had not been updated since the Sheriff took office in January 1997.

Recommendations:

The Sheriff:

- A.1. Investigate the \$300 of undeposited receipts and take appropriate action to recover this amount.
 2. Issue prenumbered receipt slips for all monies received, indicate the method of payment, and reconcile total cash, checks, and money orders to bank deposits and monthly reports.
 3. Deposit all receipts intact daily or when accumulated receipts exceed \$100. In addition, ensure that individual receipts are listed on the deposit slips.
 4. Prepare monthly bank reconciliations.
 5. File a monthly report of fees collected with the County Commission.
 6. Maintain a complete and accurate listing of accrued costs and pursue timely collection.
- B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C.1. And the County Commission enter into a written contract between the county and the various counties and cities regarding the boarding of Carter County prisoners.
2. Ensure jail logs indicate the housing location for each prisoner and reconcile prisoner board bills to jail logs.
 3. Reconcile meal invoices to the county jail log.
- D. Maintain a complete and current inventory listing of all seized property. In addition, old evidence from closed cases should be disposed of properly.

Status:

- A.1. Greg Melton, County Sheriff, took office in January 2001, and was uncertain as to the outcome of this recommendation. The former bookkeeper does not work for the current sheriff.

A.2&

5, C.1 Implemented.

- A.3 Partially implemented. While individual receipts are now listed on the deposit slip, receipts were still not deposited on a timely basis. See MAR No. 6.

A.4,
B.,
C.2&3. Not implemented. See MAR No. 6.

A.6. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

D. Partially implemented. While the Sheriff has periodically disposed of old evidence from closed cases, a complete and current control listing of all seized property has not been maintained. See MAR No. 6.

7. Health Center

A. The Health Center did not have a depository contract with its bank. In addition, the bank accounts were not adequately covered by collateral securities.

B.1. The budgets did not include a cash reconciliation for 1999 and 1998.

2. Various mathematical errors were noted in the budget documents.

3. Actual revenue and expenditure amounts presented were erroneous in at least one of the years presented.

4. Amendments made to line items on the budgets were not properly recorded on the following year's budget. In addition, a budget amendment was not submitted to the County Clerk or the State Auditor's Office.

5. The Health Center did not publish financial statements for the two years ended December 31, 1999.

C.1. Financial records were changed after year-end. In addition, no documentation was retained to support these changes and personnel were unclear as to why the changes were made.

2. Interest earned was not recorded in the Health Center's financial records.

Recommendations:

The Health Center Board of Trustees:

A. Enter into a written depository agreement with any bank which holds board monies. In addition, monitor bank balances to ensure the depository bank pledges adequate securities at all times in accordance with state law.

B.1. Include a completed, accurate cash reconciliation with the annual budget.

2. Ensure budget columns are correctly totaled.
 3. Ensure actual revenue and expenditure amounts are correctly and consistently recorded on budget documents from one year to the next.
 4. Record budget amendments on subsequent years' budgets. In addition, ensure budget amendments are approved according to statutory guidelines and filed with the County Commission and State Auditor's Office.
 5. Publish financial statements in accordance with state law.
- C.1. Ensure any changes made to financial records are fully understood and documented and that financial records are in agreement to actual amounts presented on the budget document.
2. Ensure interest is accurately recorded on the financial records.

Status:

A.,
B.2, 3,
4&5. Implemented.

- B.1. Partially implemented. While the Health Center currently includes a cash reconciliation with annual budgets, the cash balances are not accurately stated. See MAR No. 10.
- C.1. Not implemented. See MAR No. 10.
2. Partially implemented. While interest earned is recorded on the financial records, such amounts were not always accurate. See MAR No. 10.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CARTER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1859, the county of Carter was named after Zimri Carter, a local pioneer. Carter County is a county-organized, third-class county and is part of the Thirty-Seventh Judicial Circuit. The county seat is Van Buren.

Carter County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 385 miles of county roads and 63 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 5,428 in 1980 and 5,941 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	25.0	23.6	23.2	22.4	14.2	5.8
Personal property		8.5	7.9	7.9	7.0	2.1	2.5
Railroad and utilities		2.5	2.7	2.8	3.8	1.6	1.0
Total	\$	36.0	34.2	33.9	33.2	17.9	9.3

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Carter County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$.0700	.0500	.0500	.0500
Special Road and Bridge Fund		.2354	.2354	.2341	.2300
Health Center Fund		.2500	.2500	.2500	.2500
Carter County Board for the Handicapped Fund		.0819	.0819	.0814	.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 10,837	10,584	10,280	9,917
General Revenue Fund	24,379	17,562	17,014	16,214
Special Road and Bridge Fund	84,063	82,047	79,147	75,260
Assessment Fund	15,080	15,393	14,741	12,917
Health Center Fund	89,341	87,281	84,727	81,813
Carter County Board for the Handicapped	29,245	28,542	27,522	26,175
Schools	982,245	958,915	932,564	899,622
Library district	71,461	69,814	67,771	65,440
Ambulance district	142,390	137,791	132,859	126,334
Junior College	85,250	83,777	81,325	78,528
Fire Districts	23,074	22,292	21,560	21,079
Senior Citizens' Service Tax Board	10,612	10,379	10,074	9,714
Tax Sale Surplus	3,568	566	19	7,454
Escrow (Partial Payments)	405	(723)	(731)	561
Miscellaneous	1,609	313	120	2,435
Land Redemption	0	90	0	501
County Clerk	597	1,095	501	716
County Employees' Retirement	11,754	11,707	10,382	10,986
Tax Maintenance	5,012	1,874	0	0
Commissions and fees:				
General Revenue Fund	27,086	21,178	31,402	40,374
Total	\$ 1,618,008	1,560,477	1,521,277	1,486,040

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				%
	2004	2003	2002	2001	
Real estate	88.7	89.3	89.9	90.7	
Personal property	84.0	87.4	86.6	85.6	
Railroad and utilities	100.0	100.0	100.0	100.0	

Carter County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.005	None	50	%
General	0.005	None	N/A	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Gene Oakley, Presiding Commissioner		15,600	15,600	15,600	15,600
Eddie Ballard, Associate Commissioner		13,600	13,600	13,600	13,600
Lynn Murdick, Associate Commissioner		13,600	13,600	13,600	13,600
Pauline Peterman, Recorder of Deeds		24,650			
Rebecca Simpson-Gibbs, County Clerk		22,525	22,525	22,525	22,525
Bradshaw Smith, Prosecuting Attorney			26,350	26,350	26,350
Michael J. Ligons, Prosecuting Attorney		26,350			
Paul Bryant, Sheriff					25,500
Greg Melton, Sheriff		25,500	25,500	25,500	
Marjorie Duncan, County Treasurer		12,040	12,040	12,040	12,040
Dennis McSpadden, County Coroner		4,675	4,675	4,675	4,675
Betty Ann Ligons, Public Administrator		17,000	17,000	17,000	12,975
Jennifer Clark-Williams, County Collector, year ended February 28 (29),	20,188	20,188	20,188	20,188	
George Meyers, County Assessor (1), year ended August 31,		25,550	25,550	25,550	25,550

(1) Includes \$900 annual compensation received from the state.

State-Paid Officials:					
Cathy Duncan-Terry, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,300	47,300	46,127
David J. Hedspeth, Associate Circuit Judge		96,000	96,000	96,000	97,382